

Message Text

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INFO AMEMBASSY CANBERRA

AMCONSUL MELBOURNE

AMCONSUL PORT MORESBY

AMEMBASSY WELLINGTON

AMCONSUL BRISBANE

AMCONSUL PERTH

C O N F I D E N T I A L SYDNEY 2054

E.O. 11652: GDS

TAGS: ELAB, PINS, AS

SUBJ: AUSTRALIAN UNIONS ENDORSE GOVERNMENT ECONOMIC POLICY WITH
SOME RESERVATIONS

1. MEETING AT SYDNEY SEPT 23 AND 24, 250 DELEGATES REPRESENTING
130 UNIONS, GAVE UNANIMOUS ENDORSEMENT OF GOA POLICY AS
EXPRESSED IN BUDGET SPEECH SEPT 24 BY TREASURER FRANK CREAN.

2. PRICE TAG FOR PLEDGED TRADE UNION COOPERATION, CONTAINED
IN RESOLUTION PASSED AT END OF CONFERENCE, CALLS CHIEFLY ON
GOVERNMENT TO INSTITUTE TAX INDEXATION AND TO IMPOSE IMPORT
QUOTAS ON SELECTED INDUSTRIES. OF LESSER IMPORTANCE TO
UNIONS BUT INCLUDED, ARE DEMANDS FOR LOWER INTEREST RATES,
REDUCTION IN INDIRECT FEDERAL TAXES, AND SPECIAL CONSIDERATION
FOR PENSIONERS AND OTHERS ON FIXED INCOME BY WAY OF AUTOMATIC
COST-OF-LIVING ADJUSTMENTS.

3. DURING MEETING WITH LABAT ON SEPT 20, ACTU PRESIDENT
BOB HAWKE FIXED GENERAL TERMS FOR CONFERENCE ACTION IN TELEPHONE
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CONFERENCE WITH PRIME MINISTER'S DEPARTMENT. SPEAKING FOR

GOA WAS GEOFF BLUNDEN, RECENTLY APPOINTED UNION TROUBLE SHOOTER WHO WAS RECRUITED FROM STAFF OF POSTAL WORKERS UNION. VIRTUALLY GUARANTEEING TRADE UNION SUPPORT, HAWKE AGREED ALSO TO END HIS FUED WITH MIN. OF LABOR CAMERON. AS RESULT, DURING INTERVENING WEEKEND, CAMERON CONSIDERABLY MODIFIED HIS STAND IN FAVOR OF FLAT RATE WAGE INCREASES, ENDORSING PERCENTAGE INCREASES AT LEAST FOR THOSE EARNING AVERAGE WAGE OR LESS.

4. THE STAGE THUS FAR WAS SET FOR CONFERENCE TO BE TWO-DAY CATHARSIS SESSION WITH RESULTS FAIRLY PREDICTABLE. INDEED FIRST DAY WENT ACCORING TO SCENARIO. SPEAKER AFTER SPEAKER TOOK THE MICROPHONE TO SAY IN DIFFERING WAYS THAT THEIR UNION WOULD COOPERATE. OF COURSE, RADICAL RIGHT AND LEFT TROTTED OUT EXPECTED PEJORATIVE ATTACKS ON MULTI-NATIONAL COMPANIES, CALLS FOR NATIONALIZATION AND PROTECTION OF WHITE COLLAR HIGH WAGES; THERE WAS PAVLOVIAN REACTION FROM LOBBY PACKED BY PLACARDS URGING USUAL BLUE SKY PANACEA.

5. AT LUNCH, HAWKE CONFIDENTLY TOLD LABATT HE "HAD THE NUMBERS" AND DISCOUNTED STRENGTH OF POTENTIAL OPPOSITION. DURING VARIOUS DINNERS, DELEGATES ENGAGED IN VERY RELAXED HORSEPLAY AND GENERAL JOLLITY.

6. HOWEVER, ATMOSPHERE CHANGED OVERNIGHT. BY 10:00 A.M. SEPT. 24, PRIME MINISTER'S CANBERRA SPEECH SEEMINGLY ATTACKING TRADE UNIONISTS WAS REPORTED AND WAS SHREDDING HAWKE'S SCENARIO, MOVING CONFERENCE TO BRINK OF DISASTER. HAWKE'S PRIVATE REACTION IS UNPRINTABLE, BUT HE AND MAJORITY OF EXECUTIVE PULLED MEETING TOGETHER. SPEECHES UNDERSTANDABLY TOOK ON EXTRA DIMENSIONS. BY END OF DAY RESOLUTION WAS PASSED UNANIMOUSLY. CHAIRMAN IGNORED SINGLE VOTE AGAINST, SPECIFICALLY CAST AS PROTEST AT PM'S REMARKS.

7. COMMENT: UNIONS ARE NOW PLEDGED TO ACCEPT WAGE INDEXATION AND TO ABATE PRACTICE OF SEEKING INCREASES IN ANTICIPATION OF CONTINUING INFLATION. QUOTA SYSTEM DEMANDED REFLECTS CHIEFLY FEARS OF TEXTILE AND AUTO WORKERS. INDEXATION OF TAXES WAS ADDED STARTER DURING CONFERENCE AND IS SHEER REFLECTION OF SOCIALIST THINKING NOT MUCH IN EVIDENCE IN PRE-CONFERENCE
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PLANNING; ITS IMPLICATIONS ARE MUDDY AND NOT CLEARLY UNDERSTOOD BY MAJORITY. ON POLITICAL SIDE, LABATT CONJECTURES THAT SHAKY HAWKE-WHITLAM RELATIONSHIP IS FINISHED. UNEASY FOR WEEKS BECAUSE WHITLAM HAS SHOWN LITTLE INTEREST IN ACTU, HAWKE NOW FIRMLY BELIEVES ONLY EAR AVAILABLE IS DPM JIM CAIRNS. PREVIOUSLY INCLINED TO REGARD CAIRNS AS NOT TOO FORCEFUL PEACEMAKER IN CABINET AND PARTY, HAWKE HAS NO OPTION NOW BUT TO CONSIDER DPM AS ALLY. CONFERENCE, WHICH

HAWKE BEFOREHAND REGARDED PUBLICLY AS "HISTORIC" BUT PRIVATELY
AS ROUTINE, WAS REAL PERSONAL TRIUMPH FOR HIM AND FOR CENTER
FORCES HE SUCCESSFULLY MARSHALLED, UNDER TRYING CIRCUMSTANCES
NOT OF HIS OWN MAKING. DOLLAR DEVALUATION ANNOUNCED BY GOA
LATE SEPT. 24, IS REGARDED IN SYDNEY AS EVIDENCE, BECAUSE OF
ITS TIMING OF GOA STRATEGY OF COOPERATION WITH WORKERS
IN ATTACK ON INFLATION.

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